A Bill for an Act to amend the Social Security Act 1991 and the Veterans’ Entitlements Act 1986, and for related purposes
## Contents

1. Short title  
2. Commencement  
3. Schedule(s)  

### Schedule 1—Amendments relating to seniors health card

- Part 1—Amendment of the Social Security Act 1991  
- Part 2—Amendment of the Veterans’ Entitlements Act 1986  

### Schedule 2—Amendments relating to single people sharing accommodation

- Social Security Act 1991  

### Schedule 3—Amendments relating to foster carers

- Part 1—Amendments relating to parenting payment to single people  
- Part 2—Amendments relating to health care cards for fostered children  

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A Bill for an Act to amend the Social Security Act 1991 and the Veterans’ Entitlements Act 1986, and for related purposes

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the 1998 Budget Measures Legislation Amendment (Social Security and Veterans’ Entitlements) Act 1998.

2 Commencement

(1) Subject to subsections (2), (3) and (4), this Act commences on the day on which it receives the Royal Assent.
(2) Schedules 1 and 2 commence, or are taken to have commenced, on 1 January 1999.

(3) Part 1 of Schedule 3 commences on 1 September 1999.

(4) Part 2 of Schedule 3 commences on 1 July 1999.

3 Schedule(s)

Subject to section 2, each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.
Schedule 1—Amendments relating to seniors health card

Part 1—Amendment of the Social Security Act 1991

1 Subsection 1061ZA(1)
   Omit “A person is qualified”, substitute “Subject to subsection (5), a person is qualified”.

2 Paragraph 1061ZA(1)(ca)
   Repeal the paragraph.

3 Paragraph 1061ZA(1)(d)
   Omit “ordinary”, substitute “taxable”.

4 Paragraph 1061ZA(1)(f)
   Repeal the paragraph, substitute:
   
   (f) is not receiving a service pension;
   and, if the person was subject to a newly arrived resident’s waiting period, that period has ended (see subsections (2) to (4) and section 1061ZAA).

5 Subsection 1061ZA(1) (note 2)
   Omit “ordinary”, substitute “taxable”.

6 At the end of section 1061ZA
   Add:
   
   (5) A person is not qualified for a seniors health card at a particular test time if:
   
   (a) the person has failed to comply with section 1061ZLA in respect of the reference tax year; or
   
   (b) where the person has made an estimate of taxable income for the reference tax year and the estimate was accepted—the person did not give the Secretary a copy of a notice of

Schedule 1 Amendments relating to seniors health card

Part 1 Amendment of the Social Security Act 1991

amendment of the person’s taxable income for that tax year
within 12 months after the end of that tax year.

(6) In subsection (5):

test time and reference tax year have the same meanings as in the
Seniors Health Card Taxable Income Test Calculator.

7 At the end of Division 4 of Part 2A.1

Add:

1061ZLA When copy of notice of assessment of taxable income to be
given to Secretary

If a person who is the holder of a seniors health card receives a
notice of assessment or amended assessment of his or her taxable
income for a particular tax year, the person must, if requested by
the Secretary to do so, give a copy of the notice to the Secretary
within 3 months after the day on which the notice was received.

8 Part 3.9

Repeal the Part, substitute:

Part 3.9—Seniors Health Card Taxable Income Test Calculator

1071 Seniors Health Card Taxable Income Test Calculator

The Seniors Health Card Taxable Income Test Calculator at the
end of this section is to be used in working out whether a person
satisfies the seniors health card taxable income test for the
purposes of this Act.

4 1998 Budget Measures Legislation Amendment (Social Security and Veterans’
Entitlements) Bill 1998 No. 1, 1998
### Seniors Health Card Taxable Income Test Calculator

**Satisfying the seniors health card taxable income test**

1071-1 This is how to work out whether a person satisfies the seniors health card taxable income test at a particular time (the *test time*).

<table>
<thead>
<tr>
<th>Method statement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1.</strong> Work out the amount of the person’s adjusted taxable income for the reference tax year.</td>
</tr>
<tr>
<td><strong>Step 2.</strong> Work out the person’s seniors health card taxable income limit using point 1071-12.</td>
</tr>
<tr>
<td><strong>Step 3.</strong> Work out whether the person’s adjusted taxable income for the reference tax year exceeds the seniors health card taxable income limit.</td>
</tr>
<tr>
<td><strong>Step 4.</strong> If the person’s adjusted taxable income for the reference tax year is less than the person’s seniors health card taxable income limit, the person satisfies the seniors health card taxable income test.</td>
</tr>
<tr>
<td><strong>Step 5.</strong> If the person’s adjusted taxable income for the reference tax year is equal to or exceeds the person’s seniors health card taxable income limit, the person does not satisfy the seniors health card taxable income test.</td>
</tr>
</tbody>
</table>

### Reference tax year

1071-2(1) In the ordinary case, a person’s *reference tax year* is:

- (a) if the person has received a notice of assessment of his or her taxable income for the tax year immediately preceding the tax year in which the test time occurred—that immediately preceding tax year; or
- (b) otherwise—the tax year immediately preceding the tax year applicable under paragraph (a).
(2) However, if the person has informed the Secretary in writing that the person wishes to have his or her entitlement to a seniors health card determined by reference to his or her adjusted taxable income for the tax year in which the test time occurred (the current tax year), the person’s reference tax year is the current tax year.

Adjusted taxable income

For the purposes of this Part, a person’s adjusted taxable income for a particular tax year is the sum of the following amounts (income components):

(a) the person’s taxable income for that year;
(b) the person’s fringe benefits value for that year;
(c) the person’s target foreign income for that year;
(d) the person’s net rental property loss for that year.

Note 1: For taxable income see subsection 23(1) and point 1071-4.
Note 2: For fringe benefits value see point 1071-6.
Note 3: For target foreign income see subsection 10A(2) and point 1071-7.
Note 4: For net rental property loss see subsection 10A(15) and point 1071-8.

Taxable income

For the purposes of this Part, a person’s taxable income for a particular tax year is:

(a) the person’s assessed taxable income for that year; or
(b) if the person does not have an assessed taxable income for that year—the person’s accepted estimate of taxable income for that year.

Assessed taxable income

For the purposes of this Part, a person’s assessed taxable income for a particular tax year at a particular time is the most recent of:

(a) if, at that time, the Commissioner of Taxation has made an assessment or an amended assessment of that taxable income—that taxable income according to the assessment or amended assessment; or
Amendments relating to seniors health card  
Schedule 1  
Amendment of the Social Security Act 1991  
Part 1

(b) if, at that time, a tribunal has amended an assessment or an amended assessment made by the Commissioner—
that taxable income according to the amendment made by the tribunal; or
(c) if, at that time, a court has amended an assessment or an amended assessment made by the Commissioner or an amended assessment made by a tribunal—that taxable income according to the amendment made by the court.

Fringe benefits value

1071-6 For the purposes of this Part, a person’s fringe benefits value for a particular tax year is the person’s accepted estimate of the amount by which the total of the assessable fringe benefits received or to be received by the person in the tax year exceeds $1,000.

Note: For assessable fringe benefit see subsection 10A(2) and Part 3.12A.

Target foreign income

1071-7 For the purposes of this Part, a person’s target foreign income for a particular tax year is the person’s accepted estimate of the amount of that income for that year.

Net rental property loss

1071-8 For the purposes of this Part, a person’s net rental property loss for a particular tax year is the person’s accepted estimate of the amount of that loss for that year.

Accepted estimate

1071-9 For the purposes of this Part, a person’s accepted estimate of an income component for a particular tax year is that income component according to the most recent notice given by the person to the Secretary under point 1071-10 and accepted by the Secretary for the purposes of this Part.

1998 Budget Measures Legislation Amendment (Social Security and Veterans’ Entitlements) Bill  
1998 No. , 1998 7
Schedule 1 Amendments relating to seniors health card
Part 1 Amendment of the Social Security Act 1991

Notice estimating income component

1071-10(1) A person may give the Secretary a notice, in a form approved by
the Secretary, setting out the person’s estimate of an income
component of the person for a tax year.

(2) The notice is to contain, or be accompanied by, such information
as is required by the form to be contained in it or to accompany it,
as the case may be.

(3) The Secretary is to accept a notice only if the Secretary is satisfied
that the estimate is reasonable.

Adjusted taxable income of members of couples

1071-11 If a person is a member of a couple, add the couple’s adjusted
taxable incomes for the reference tax year and divide by 2 to work
out the amount of the person’s adjusted taxable income for the
reference tax year.

Seniors health card taxable income limit

1071-12 A person’s seniors health card taxable income limit is worked out
using the Seniors Health Card Taxable Income Limit Table. Work
out which family situation in the table applies to the person. The
person’s seniors health card taxable income limit is the
corresponding amount in column 3 plus an additional
corresponding amount in column 4 for each dependent child of the
person.
Amendments relating to seniors health card  Schedule 1
Amendment of the Social Security Act 1991  Part 1

<table>
<thead>
<tr>
<th>Item</th>
<th>Person’s family situation</th>
<th>Amount per year</th>
<th>Amount per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not member of couple</td>
<td>$40,000</td>
<td>$624</td>
</tr>
<tr>
<td>2</td>
<td>Partnered</td>
<td>$33,500</td>
<td>$624</td>
</tr>
<tr>
<td>3</td>
<td>Member of illness separated couple</td>
<td>$36,698</td>
<td>$624</td>
</tr>
<tr>
<td>4</td>
<td>Member of respite care couple</td>
<td>$40,000</td>
<td>$624</td>
</tr>
<tr>
<td>5</td>
<td>Partnered (partner in gaol)</td>
<td>$40,000</td>
<td>$624</td>
</tr>
</tbody>
</table>

Note 1: For member of couple, partnered, illness separated couple, respite care couple and partnered (partner in gaol) see section 4.

Note 2: For dependent child see section 5.

9 At the end of subsection 1157A(1)

Add:
These provisions are also necessary for the purposes of the Seniors Health Card Taxable Income Test Calculator.

10 Section 1190 (Indexed and Adjusted Amounts Table, items 58 to 62)

Repeal the items.

11 Section 1206C

Repeal the section.
Schedule 1  Amendments relating to seniors health card
Part 2  Amendment of the Veterans’ Entitlements Act 1986

Part 2—Amendment of the Veterans’ Entitlements Act 1986

12 Paragraph 118V(1)(h)
Omit “ordinary”.

13 Subsection 118V(1) (note 3)
Omit “ordinary”.

14 Paragraph 118V(2)(h)
Omit “ordinary”.

15 Subsection 118V(2) (note 4)
Omit “ordinary”.

16 Paragraph 118V(3)(h)
Omit “ordinary”.

17 Subsection 118V(3) (note 5)
Omit “ordinary”.

18 At the end of section 118V
Add:

(4) A person is not eligible for a seniors health card at a particular test time if:

(a) the person has failed to comply with section 118ZJA in respect of the reference tax year; or

(b) where the person has made an estimate of taxable income for the reference tax year and the estimate was accepted—the person did not give the Commission a copy of a notice of assessment of the person’s taxable income for that tax year within 12 months after the end of that tax year.

(5) In subsection (4):
taxable income, test time and reference tax year have the same meanings as in the Seniors Health Card Income Test Calculator.

19 At the end of Division 5 of Part VIIC

Add:

118ZJA When copy of notice of assessment of taxable income to be given to Department

(1) If a person who is the holder of a seniors health card receives a notice of assessment or amended assessment of his or her taxable income for a particular tax year, the person must, if requested by the Secretary to do so, give a copy of the notice to the Department within 3 months after the day on which the notice was received.

(2) In this section:

taxable income has the same meaning as in the Seniors Health Card Income Test Calculator.

20 Divisions 8 and 9 of Part VIIC

Repeal the Divisions, substitute:

Division 8—Seniors Health Card Income Test Calculator

118ZAA Seniors Health Card Income Test Calculator

The Seniors Health Card Income Test Calculator at the end of this section is to be used in working out whether a person satisfies the seniors health card income test for the purposes of this Act.

Seniors Health Card Income Test Calculator

Satisfying the seniors health card income test

118ZAA-1 This is how to work out whether a person satisfies the seniors health card income test at a particular time (the test time).
Method statement

Step 1. Work out the amount of the person’s adjusted taxable income for the reference tax year.

Step 2. Work out the person’s seniors health card income limit using point 118ZAA-11.

Step 3. Work out whether the person’s adjusted taxable income for the reference tax year exceeds the seniors health card income limit.

Step 4. If the person’s adjusted taxable income for the reference tax year is less than the person’s seniors health card income limit, the person satisfies the seniors health card income test.

Step 5. If the person’s adjusted taxable income for the reference tax year is equal to or exceeds the person’s seniors health card income limit, the person does not satisfy the seniors health card income test.

Reference tax year

118ZAA-2(1) In the ordinary case, a person’s reference tax year is:

(a) if the person has received a notice of assessment of his or her taxable income for the tax year immediately preceding the tax year in which the test time occurred—that immediately preceding tax year; or

(b) otherwise—the tax year immediately preceding the tax year applicable under paragraph (a).

(2) However, if the person has informed the Secretary in writing that the person wishes to have his or her entitlement to a seniors health card determined by reference to his or her adjusted taxable income for the tax year in which the test time occurred (the current tax year), the person’s reference tax year is the current tax year.
Adjusted taxable income

118ZAA-3 For the purposes of this Division, a person’s adjusted taxable income for a particular tax year is the sum of the following amounts (income components):

(a) the person’s taxable income for that year;
(b) the person’s fringe benefits value for that year;
(c) the person’s target foreign income for that year;
(d) the person’s net rental property loss for that year.

Note 1: For taxable income see point 118ZAA-4.
Note 2: For fringe benefits value see point 118ZAA-5.
Note 3: For target foreign income see point 118ZAA-6.
Note 4: For net rental property loss see point 118ZAA-7.

Taxable income

118ZAA-4(1) In this Division:

taxable income has the same meaning as in the Income Tax Assessment Act 1997.

(2) For the purposes of this Division, a person’s taxable income for a particular tax year is:

(a) the person’s assessed taxable income for that year; or
(b) if the person does not have an assessed taxable income for that year—the person’s accepted estimate of taxable income for that year.

(3) For the purposes of this Division, a person’s assessed taxable income for a particular tax year at a particular time is the most recent of:

(a) if, at that time, the Commissioner of Taxation has made an assessment or an amended assessment of that taxable income—that taxable income according to the assessment or amended assessment; or
(b) if, at that time, a tribunal has amended an assessment or an amended assessment made by the Commissioner—that
taxable income according to the amendment made by the tribunal; or

(c) if, at that time, a court has amended an assessment or an amended assessment made by the Commissioner or an amended assessment made by a tribunal—that taxable income according to the amendment made by the court.

Fringe benefits value

118ZAA-5(1) For the purposes of this Division, a person’s fringe benefits value for a particular tax year is the person’s accepted estimate of the amount by which the total of the assessable fringe benefits received or to be received by the person in the tax year exceeds $1,000.

Note: The amount of $1,000 corresponds to the fringe benefits value free area in point 1069-H24 in the Family Allowance Rate Calculator in Part 3.7 of the Social Security Act 1991.

(2) In this point:

assessable fringe benefit has the meaning given by subsection 10A(2) of the Social Security Act 1991.

(3) The value of an assessable fringe benefit is to be worked out in accordance with Part 3.12A of the Social Security Act 1991 except that references in that Part to the Minister and to the Secretary are to be taken to be references to the Minister for Veterans’ Affairs and to the Secretary to the Department of Veterans’ Affairs, respectively.

Target foreign income

118ZAA-6(1) In this Division:

foreign income, in relation to a person, means:

(a) an income amount earned, derived or received by the person from a source outside Australia for the person’s own use or benefit; or

(b) a periodical payment by way of gift or allowance from a source outside Australia; or
(c) a periodical benefit by way of gift or allowance from a
source outside Australia.

*target foreign income* means foreign income that is not:
(a) taxable income; or
(b) received in the form of a fringe benefit.

(2) For the purposes of this Division, a person’s *target foreign income*
for a particular tax year is the person’s accepted estimate of the
amount of that income for that year.

*Net rental property loss*

118ZAA-7(1) In this Division:

*net rental property loss*, in relation to a person for a tax year,
means:
(a) if the expenses incurred by the person on rental property
during that year exceed the person’s gross rental property
income for that year—the amount by which those expenses
exceed that gross rental property income; or
(b) otherwise—nil.

(2) For the purposes of this Division, a person’s *net rental property
loss* for a particular tax year is the person’s accepted estimate of
the amount of that loss for that year.

*Accepted estimate*

118ZAA-8 For the purposes of this Division, a person’s *accepted estimate* of
an income component for a particular tax year is that income
component according to the most recent notice given by the person
to the Secretary under point 118ZAA-9 and accepted by the
Commission for the purposes of this Part.
Notice estimating income component

118ZAA-9(1) A person may give the Secretary a notice, in a form approved by the Commission, setting out the person’s estimate of an income component of the person for a tax year.

(2) The notice is to contain, or be accompanied by, such information as is required by the form to be contained in it or to accompany it, as the case may be.

(3) The Commission is to accept a notice only if the Commission is satisfied that the estimate is reasonable.

Adjusted taxable income of members of couples

118ZAA-10 If a person is a member of a couple, add the couple’s adjusted taxable incomes for the reference tax year and divide by 2 to work out the amount of the person’s adjusted taxable income for the reference tax year.

Seniors health card income limit

118ZAA-11 A person’s seniors health card income limit is worked out using the Seniors Health Card Income Limit Table. Work out which family situation in the table applies to the person. The person’s seniors health card income limit is the corresponding amount in column 3 plus an additional corresponding amount in column 4 for each dependent child of the person.

<table>
<thead>
<tr>
<th>Seniors Health Card Income Limit Table</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Column 1</strong></td>
</tr>
<tr>
<td>Item</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

### Seniors Health Card Income Limit Table

<table>
<thead>
<tr>
<th>Item</th>
<th>Person’s family situation</th>
<th>Column 3: Amount per year</th>
<th>Column 4: Additional dependent child amount per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Partnered</td>
<td>$33,500</td>
<td>$624</td>
</tr>
<tr>
<td>3</td>
<td>Member of illness separated couple</td>
<td>$36,698</td>
<td>$624</td>
</tr>
<tr>
<td>4</td>
<td>Member of respite care couple</td>
<td>$40,000</td>
<td>$624</td>
</tr>
</tbody>
</table>

**Notes:**

1. For *member of couple* and *partnered*, see section 5E.
2. For *illness separated couple* and *respite care couple*, see section 5R.
3. For *dependent child*, see section 5F.

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Schedule 2—Amendments relating to single people sharing accommodation

**Social Security Act 1991**

1 After paragraph 5A(2)(a) Insert:

   (ab) is residing in exempt accommodation (see subsections (5A), (5B) and (5C)); or

2 After subsection 5A(5) Insert:

   (5A) A person’s accommodation is **exempt accommodation** if it is in premises that are, in the Secretary’s opinion, a boarding house, guest house, hostel, hotel, private hotel, rooming house, lodging house or similar premises.

   (5B) In forming an opinion about a person’s accommodation for the purposes of subsection (5A), the Secretary is to have regard to the characteristics of the accommodation including, in particular, whether or not the following are characteristics of the accommodation:

   (a) the premises are known as a boarding house, guest house, hostel, hotel, private hotel, rooming house, lodging house or similar premises;

   (b) a manager or administrator (other than a real estate agent) is retained to manage the premises or administer the accommodation on a daily or other frequent regular basis;

   (c) staff are retained by the proprietor or manager of the premises to work in the premises on a daily or other frequent regular basis;

   (d) the residents lack control over the day-to-day management of the premises;

   (e) there are house rules, imposed by the proprietor or manager, that result in residents having rights that are more limited
than those normally enjoyed by a lessee of private residential accommodation (for example, rules limiting the hours of residents’ access to their accommodation or limiting residents’ access to cooking facilities in the premises);
(f) the person does not have obligations to pay for his or her costs of gas, water or electricity separately from the cost of the accommodation;
(g) the accommodation is not private residential accommodation, having regard to:
   (i) the number and nature of bedrooms in the premises; or
   (ii) the number of people who are not related to one another living at the premises; or
   (iii) the number and nature of bathrooms in the premises;
(h) the person’s accommodation has not been offered to the person on a leasehold basis;
(j) there is no requirement that the person pay a bond as security for either the payment of rent or the cost of any damage caused by the person, or for both;
(k) the person’s accommodation is available on a daily or other short-term basis.

(5C) Each of the characteristics set out in subsection (5B) points towards the accommodation in question being exempt accommodation.

3  Application

The amendments made by this Schedule apply to instalments of social security payments that fall due on or after the first payday after 31 December 1998.
Schedule 3—Amendments relating to foster carers

Part 1—Amendments relating to parenting payment to single people

Social Security Act 1991

1 Subparagraph 500D(2)(b)(ii)
   Omit “allowance; and”, substitute “allowance.”

2 Paragraph 500D(2)(c)
   Repeal the paragraph.

3 Section 500D (note 2)
   Repeal the note.
Part 2—Amendments relating to health care cards for fostered children

National Health Act 1953

4 Subsection 84(1) (after paragraph (b) of the definition of concessional beneficiary)

Insert:

(ba) a person:

(i) who is in foster care; and
(ii) in respect of whom family allowance is being paid; and
(iii) who is the holder of a health care card; or